

FACT BOOK

For the Three Months Ended June 30, 2019

August 2, 2019



1-1, Nihonbashi Muromachi 2-chome, Chuo-Ku, Tokyo, 103-0022, Japan

<https://www.mitsuifudosan.co.jp/english/>

Corporate Data

(As of June 30, 2019)

Head Office:

1-1, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo,
103-0022, Japan

Date of Establishment:

July 15, 1941

Share Capital:

¥339,766 million

Number of Issued and Outstanding Shares:

991,424,727

Stock Exchange Listings:

Tokyo (Code: 8801)

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Forward-Looking Statements

In this Fact Book, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks and uncertainties related to internal and external factors that may cause actual results and achievements to differ from those anticipated in these statements. Therefore, we do not advise potential investors to base investment decisions solely on this Fact Book.

CONSOLIDATED BUSINESS OVERVIEW

Results of Operations

	Three Months Ended June 30		Change
	2019	2018	
	(¥ millions)		
Revenue from Operations	¥427,171	¥442,352	¥(15,181)
Leasing	155,024	143,434	11,590
Property Sales	107,576	139,557	(31,980)
Management	100,111	96,591	3,519
Other	64,458	62,769	1,689
Operating Income	50,885	55,768	(4,882)
Leasing	39,737	35,205	4,532
Property Sales	11,880	21,772	(9,891)
Management	12,389	10,494	1,895
Other	(2,290)	(1,308)	(981)
Elimination or Corporate	(10,830)	(10,394)	(436)
Non-Operating Income/Expenses	(1,548)	(1,114)	(434)
Equity in Net Income/Loss of Affiliated Companies	2,944	675	2,269
Interest Income/Expense, in Net	(6,963)	(6,190)	(772)
Other, in Net	2,470	4,400	(1,930)
Ordinary Income	49,337	54,653	(5,316)
Extraordinary Gains/Losses	-	-	-
Extraordinary Gains	-	-	-
Extraordinary Losses	-	-	-
Income before Income Taxes	49,337	54,653	(5,316)
Income Taxes	15,921	16,805	(884)
Profit	33,415	37,847	(4,432)
Profit (Loss) Attributable to Non-Controlling Interests	234	(235)	469
Profit Attributable to Owners of Parent	¥33,180	¥38,082	¥(4,901)

◆ Overview

● In the three-month period under review, revenue and earnings increased in the "Leasing" segment. This was mainly due to the full-term contributions from Nihonbashi Takashimaya Mitsui Building, msb Tamachi Tamachi Station Tower South, 55 Hudson Yards, and MITSUI OUTLET PARK TAICHUNG PORT, which were completed and opened for operation during the previous fiscal year.

Revenue and earnings declined in the "Property Sales" segment. This decline in revenue and earnings in the "Property Sales" segment largely reflected a drop in the reported number of units in the first quarter of the fiscal year under review compared with the corresponding period of the previous fiscal year in "Property Sales to Individuals (Domestic)."

Meanwhile, trends in "Property Sales to Individuals (Domestic)" goes favorably. Over the full fiscal year, revenue and earnings in this segment are projected to increase in line with initial plans.

In overall terms, revenue from operations decreased ¥15.1 billion, or 3.4%, to ¥427.1 billion. Operating income declined ¥4.8 billion, or 8.8%, to ¥50.8 billion year on year. Ordinary income decreased ¥5.3 billion, or 9.7%, to ¥49.3 billion. Profit attributable to owners of parent fell ¥4.9 billion, or 12.9%, to ¥33.1 billion.

The Company is making steady progress toward achieving its forecasts for the full fiscal year.

Mitsui Fudosan has implemented a change to its business segments from April 2019.

Data for the corresponding period of the previous fiscal year have been restated to conform with the new segment classification.

A diagram of the Company's business segments after reclassification is attached at the end of this report as a reference.

Progress Comparison with Full Year Forecasts

	Three Months Ended June 30, 2019	Year to March 2020 (Forecast as of May 10, 2019)	3-Month Results/Full-Year Forecast (%)
Revenue from Operations	¥427,171	¥2,000,000	21.4
Operating Income	50,885	267,000	19.1
Ordinary Income	49,337	246,000	20.1
Profit Attributable to Owners of Parent	¥33,180	¥170,000	19.5

Extraordinary Gains/Losses

(¥ millions)	
Extraordinary Gains	-
Extraordinary Losses	-

Consolidated Statements of Comprehensive Income

	(¥ millions)	
	Three Months Ended June 30	
	2019	2018
Profit	¥33,415	¥37,847
Other Comprehensive Income	18,592	16,711
Valuation Difference on Available-For-Sale Securities	16,380	29,012
Deferred Gains or Losses on Hedges	(102)	232
Foreign Currency Translation Adjustment	674	(9,731)
Remeasurements of Defined Benefit Plans, Net of Tax	(215)	164
Share of Other Comprehensive Income of Associates Accounted for Using Equity Method	1,855	(2,966)
Comprehensive Income	¥52,008	¥54,559
(Comprehensive Income Attributable to Owners of the Parent)	51,801	55,391
(Comprehensive Income Attributable to Non-Controlling Interests)	207	(832)

【Reference】 Nonconsolidated Operating Income/Expenses (Mitsui Fudosan)

		(¥ millions)		
		Three Months Ended June 30		
		2019	2018	Change
Revenue from Operations	Leasing	¥141,665	¥133,858	
	Property Sales	6,795	15,902	(9,106)
	Other	7,636	8,117	(481)
	Total	156,097	157,877	(1,780)
Gross Profit Margin (%)	Leasing	20.1	18.9	1.2pt
	Property Sales	33.0	45.1	(12.1)pt
	Other	15.6	24.0	(8.5)pt
Operating Income		¥22,870	¥25,710	¥(2,839)

SEGMENT RESULTS

[1] LEASING

	Three Months Ended June 30		Change
	2019	2018	
Revenue from Operations	¥155,024	¥143,434	¥11,590
Operating Income	39,737	35,205	4,532

	Year to March 2020 (Forecast as of May 10, 2019)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
	Revenue from Operations	¥630,000	24.6
Operating Income	144,000	27.6	141,945

● For the three-month period under review, revenue from operations rose ¥11.5 billion and operating income increased ¥4.5 billion compared with the corresponding period of the previous fiscal year for the segment as a whole. This was mainly due to the full-term contributions from Nihonbashi Takashimaya Mitsui Building, msb Tamachi Tamachi Station Tower South, 55 Hudson Yards, and MITSUI OUTLET PARK TAICHUNG PORT, which were completed and opened for operation during the previous fiscal year. The vacancy rate for the Company's office buildings located in the Tokyo metropolitan area was 2.0% on a non-consolidated basis as of June 30, 2019.

		At June 30		Change	
		2019	2018		
Office Buildings and Retail Facilities	Revenue	Office Buildings	¥87,767	¥80,683	¥7,084
		Retail Facilities	59,223	56,631	2,592
	Total Leased Floor Space (1,000 m ²):		5,329	5,131	198
	Office Buildings	Owned	1,981	1,817	164
		Managed	1,245	1,173	72
Retail Facilities	Owned	1,573	1,554	19	
	Managed	530	587	(57)	
Other	Revenue	8,033	6,120	1,913	
Total Revenue		¥155,024	¥143,434	¥11,590	

	6/2019	3/2019	3/2018	3/2017	3/2016
Consolidated					
Office Buildings and Retail Facilities (including overseas)	1.9	1.8	2.4	3.1	2.2
Non-consolidated					
Tokyo Metropolitan Area Office Buildings	2.0	1.7	2.2	3.4	2.6
Regional Area Office Buildings	2.0	1.8	2.3	2.3	3.1

(FULL-TERM CONTRIBUTION)

2 Television Centre (London, UK)	Office building completed in March 2018
msb Tamachi Tamachi Station Tower South (Minato-ku, Tokyo)	Office building completed in May 2018
Nihonbashi Takashimaya Mitsui Building (Chuo-ku, Tokyo)	Office building completed in June 2018
OVOL Nihonbashi Building (Chuo-ku, Tokyo)	Office building completed in June 2018
LaLaport NAGOYA minato AQUUS (Nagoya, Aichi)	Retail facility opened in September 2018
55 Hudson Yards (New York, US)	Office building completed in October 2018
MITSUI OUTLET PARK TAICHUNG PORT (Taichung, Taiwan)	Retail facility opened in December 2018
Nihonbashi Muromachi Mitsui Tower (Chuo-ku, Tokyo)	Office building completed in March 2019

[Reference] Non-consolidated Results

- Newly on-stream and full-term contribution projects: ¥6.3 billion year-on-year increase in revenue
- Existing properties: ¥2.4 billion year-on-year increase in revenue
- Shifting, terminations, etc.: ¥0.9 billion year-on-year decrease in revenue

Breakdown of Leasing Operations (Non-consolidated)

		At June 30							
		2019		2018		2019		2018	
		Total	Tokyo Metropolitan Area	Regional Areas					
Office Buildings	Number of Buildings	135	134	107	105	28	29		
	Leased Floor Space (1,000m ²)	2,805	2,700	2,479	2,373	326	327		
	Leasing Revenue (¥ millions)	76,088	70,640	70,684	65,279	5,403	5,361		
	Vacancy Rate (%)	2.0	2.5	2.0	2.5	2.0	2.2		
Retail Facilities	Number of Buildings	87	86	62	60	25	26		
	Leased Floor Space (1,000m ²)	2,049	2,064	1,379	1,378	671	686		
	Leasing Revenue (¥ millions)	57,138	55,386	39,828	39,459	17,309	15,926		
	Vacancy Rate (%)	0.9	0.8	1.1	0.9	0.4	0.6		

[2] PROPERTY SALES

	(¥ millions)		
	Three Months Ended June 30		Change
	2019	2018	
Revenue from Operations	¥107,576	¥139,557	¥(31,980)
Operating Income	11,880	21,772	¥(9,891)

	Year to March 2020 (Forecast as of May 10, 2019)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
	Revenue from Operations	¥600,000	17.9
Operating Income	111,000	10.7	98,037

● For the three-month period under review, revenue and earnings in the "Property Sales to Individuals (Domestic)" category decreased compared with the corresponding period of the previous fiscal year. This was mainly due to the year-on-year downturn in reported number of units in the first quarter. Revenue and earnings in the "Property Sales to Investors and Individual (Overseas)" category increased compared with the corresponding period of the previous fiscal year. This largely reflected progress in property sales to investors, beginning with J-REITs.

Accounting for each of these factors, overall revenue from operations declined ¥31.9 billion and operating income fell ¥9.8 billion year on year in this segment as a whole.

In newly constructed condominiums, the Company's contract rate as of June 30, 2019, was 86% of the 3,400 units projected for the fiscal year, compared with 81% as of June 30, 2018.

Major Projects during the Period (full-year total)(NEWLY OPENED)

Park Court Hamarikyu The Tower (Minato-ku, Tokyo)

Park Court Hamarikyu The Tower (Minato-ku, Tokyo)	Condominiums
Park Court NOGIZAKA The Tower (Minato-ku, Tokyo)	Condominiums
Park Court Aoyama The Tower (Minato-ku, Tokyo)	Condominiums
Park Homes Joshin The Residence (Nagoya, Aichi)	Condominiums
Fine Court Sugunami Zenpukuji Park (Suginami-ku, Tokyo)	Detached Housing

(Property Sales to Investors and Individuals (Overseas), etc.)

Osaki Bright Core (Shinagawa-ku, Tokyo)	Office Building
Osaki Bright Plaza (Shinagawa-ku, Tokyo)	Office Building
Park Axis Oshiage Terrace (Sumida-ku, Tokyo)	Rental Housing
Park Axis Ikegami (Ota-ku, Tokyo)	Rental Housing
Robinson Landing (Alexandria, VA, US)	Detached Housing
Television Centre (The Helios, The Crescent) (London, UK)	Condominiums

	(¥ millions)									
	Three Months Ended June 30						Change			
	2019			2018						
	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	Revenue	Units	Unit Price (¥10 thousand)	
Property Sales to Individuals (Domestic)	Condominiums	¥52,699	523	¥10,076	¥92,733	919	¥10,091	¥(40,033)	¥(396)	¥(15)
	Detached Housing	8,950	134	6,680	11,438	155	7,379	(2,487)	(21)	(699)
	Subtotal	61,650	657	9,384	104,171	1,074	9,699	(42,520)	(417)	(315)
	Operating Income	5,612		17,985		(12,372)				
Property Sales to Investors and Individuals (Overseas), etc.	Revenue	45,926		35,386		10,540				
	Operating Income	6,267		3,786		2,480				
Total Revenue	107,576		139,557		(31,980)					
Total Operating Income	¥11,880		¥21,772		¥(9,891)					

Breakdown for the Revenue from the Property Sales to Individuals (Domestic) (¥ millions)

	Three Months Ended June 30						
	2019		2018		Change		
	Revenue	Units	Revenue	Units	Revenue	Units	
Condominiums	Tokyo Metropolitan Area	¥47,879	421	¥86,466	766	¥(38,586)	(345)
	Other	4,820	102	6,266	153	(1,446)	(51)
	Total	52,699	523	92,733	919	¥(40,033)	(396)
Detached Housing	Tokyo Metropolitan Area	8,805	131	11,438	155	¥(2,632)	(24)
	Other	144	3	-	-	144	3
	Total	¥8,950	134	¥11,438	155	¥(2,487)	(21)

Inventories of Property Sales to Individuals (Domestic) (Units)

	6/2019	3/2019	3/2018	3/2017	3/2016	3/2015
Condominiums	106	141	108	321	88	83
Detached Housing	24	30	40	69	127	100
Total	130	171	148	390	215	183

Contracted for Sale from the Property Sales to Individuals (Domestic) (Units)

	Contracts at Beginning of Term	Contracts during Term	Total	Reported No. of Units	Contracts at End of Term	Newly Launched during Term
Condominiums	4,331	790	5,121	523	4,598	784
Detached Housing	119	51	170	134	36	47
Total	4,450	841	5,291	657	4,634	831

[3] MANAGEMENT

	Three Months Ended June 30		Change
	2019	2018	
Revenue from Operations	¥100,111	¥96,591	¥3,519
Operating Income	12,389	10,494	1,895

(¥ millions)

	Year to March 2020 (Forecast as of May 10, 2019)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
Revenue from Operations	¥410,000	24.4	¥404,346
Operating Income	52,000	23.8	55,180

● In addition to a variety of factors including an increase in the number of managed contracts in the "Property Management" business and growth in the number of managed units in the "Repark" business (car park leasing business), the number of brokerage units handled in the "Mitsui Rehouse" business (brokerage business for individuals) increased in the period. As a result, overall revenue from operations in the "Management" segment as a whole climbed ¥3.5 billion compared with the corresponding period of the previous fiscal year and operating income increased ¥1.8 billion year on year.

		Three Months Ended June 30		Change
		2019	2018	
Property Management	Revenue	¥76,249	¥72,840	¥3,409
	Operating Income	7,787	6,799	988
Brokerage, Asset Management, etc.	Revenue	23,861	23,751	110
	Operating Income	4,601	3,694	906
Total	Revenue	¥100,111	¥96,591	¥3,519
	Operating Income	12,389	10,494	1,895

(¥ millions)

Property Management Business: Car Park Leasing (including "Property Management" category)

	Three Months Ended June 30		Change
	2019	2018	
Total Managed Units	251,562	233,723	17,839

(Units)

Brokerage Business: Mitsui Fudosan Realty (including "Brokerage and Asset Management, etc." category)

	Three Months Ended June 30				Change	
	2019		2018		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
Brokerage	¥405,780	10,326	¥394,743	9,881	¥11,036	445

(¥ millions)

Notes:

Above figures for brokerage revenue and units represent the entire Mitsui Fudosan Realty Group, including Rehouse, an equity-method affiliate.

Consignment Sales Business: Mitsui Fudosan Residential (including "Brokerage and Asset Management, etc." category)

	Three Months Ended June 30				Change	
	2019		2018		Transaction Volume	Units
	Transaction Volume	Units	Transaction Volume	Units		
Consignment Sales	¥13,665	173	¥24,738	287	¥(11,073)	(114)

(¥ millions)

[4] OTHER

(¥ millions)

	Three Months Ended June 30		Change
	2019	2018	
Revenue from Operations	¥64,458	¥62,769	¥1,689
Operating Income	(2,290)	(1,308)	(981)

	Year to March 2020 (Forecast as of May 10, 2019)	3-Month Results/ Full-Year Forecast (%)	Year Ended March 31, 2019
Revenue from Operations	¥360,000	17.9	¥322,797
Operating Income	4,000	(57.3)	9,157

● For the three-month period under review, revenue and earnings decreased.

In the “Facility Operations” category, results benefitted from contribution for the full period from Mitsui Garden Hotel Otemachi and Mitsui Garden Hotel Gotanda, which opened during the previous fiscal year. This in turn led to an increase in revenue. Earnings, on the other hand, declined due to the impact of such factors as expenses applicable to the new opening of Mitsui Garden Hotel Fukuoka Gion.

Accounting for each of these factors, revenue climbed ¥1.6 billion and operating income declined ¥0.9 billion for the segment as a whole.

This segment reported an operating loss because the completion and handover of new construction properties under consignment are concentrated in the fourth quarter.

(¥ millions)

	Three Months Ended June 30		Change
	2019	2018	
New Construction under Consignment	¥28,177	¥29,489	¥(1,311)
Facility Operations	16,081	15,086	994
Other	20,198	18,193	2,005
Total Revenue	¥64,458	¥62,769	¥1,689

	Three Months Ended June 30		Change
	2019	2018	
Revenue from New Construction under Consignment Orders Received	¥29,918	¥34,544	¥(4,626)

Major Projects during the Period (full-year total) (NEWLY OPENED)

Mitsui Garden Hotel Fukuoka Gion (Fukuoka, Fukuoka)	Hotel opened in June 2019
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(FULL-TERM CONTRIBUTION)

Mitsui Garden Hotel Otemachi (Chiyoda-ku, Tokyo)	Hotel opened in June 2018
Mitsui Garden Hotel Gotanda (Shinagawa-ku, Tokyo)	Hotel opened in June 2018
Mitsui Garden Hotel Nihonbashi Premier (Chuo-ku, Tokyo)	Hotel opened in September 2018
Mitsui Garden Hotel Kanazawa (Kanazawa, Ishikawa)	Hotel opened in January 2019

[REFERENCE] OVERSEAS BUSINESS

(¥ millions)

		Three Months Ended June 30		Change
		2019	2018	
Leasing	Revenue	¥16,054	¥12,478	¥3,576
	Operating Income	5,359	3,786	1,573
Property Sales	Revenue	12,782	19,297	(6,514)
	Operating Income	(356)	1,757	(2,114)
Management, Other, etc.	Revenue	3,240	3,742	(502)
	Operating Income	93	409	(315)
Pro forma Operating Income of Overseas Affiliates *1		2,870	1,366	1,503
Total Overseas Income		7,967	7,319	648
Overseas Income Ratio*2		14.8%	12.8%	2.0 pt

*1 Calculated by multiplying the operating income or the amount equivalent to operating income of each overseas equity-method affiliated company by the Company's equity interest (Note).

Note: The amount equivalent to operating income is the amount of profit calculated on a simplified basis after taking into consideration the tax burden.

*2 Total overseas income ÷ (Operating income + Pro forma operating income of overseas affiliates) x 100

CONSOLIDATED BALANCE SHEETS

	(¥ millions)		
ASSETS:	June 30, 2019	March 31, 2019	Change
I. Current Assets:	¥2,136,267	¥2,117,238	¥19,029
Cash and Time Deposits	169,383	174,250	(4,866)
Accounts Receivable—Trade	36,826	45,276	(8,449)
Marketable Securities	707	949	(241)
Real Property for Sale (including Advances Paid for Purchases)	1,663,652	1,630,558	33,093
Expenditure on Contracts in Progress	23,723	25,326	(1,602)
Other Inventories	5,429	5,500	(71)
Short-Term Loans	18,791	18,296	494
Equity Investments in Properties for Sale	6,691	6,700	(9)
Other	211,470	210,787	682
Allowance for Doubtful Accounts	(410)	(409)	(0)
II. Tangible and Intangible Fixed Assets:	3,559,489	3,500,482	59,007
1. Tangible Fixed Assets:	3,485,293	3,430,326	54,966
Buildings and Structures	1,103,259	1,075,433	27,825
Machinery, Equipment and Materials Handling Equipment	51,844	52,191	(346)
Land	2,120,135	2,099,971	20,164
Construction in Progress	165,869	162,122	3,746
Other	44,184	40,608	3,575
2. Intangible Fixed Assets:	74,196	70,156	4,040
III. Investments and Other Assets:	1,213,013	1,185,010	28,003
Investment Securities	898,366	872,686	25,680
Long-Term Loans	6,919	6,730	189
Lease Deposits	141,705	140,570	1,134
Net Defined Benefit Asset	30,937	31,294	(357)
Deferred Income Taxes	25,235	24,428	807
Deferred Tax Assets on Land Revaluation	2	2	-
Other	110,972	110,436	535
Allowance for Doubtful Accounts	(1,126)	(1,139)	12
Total Assets	¥6,908,770	¥6,802,731	¥106,039

[Real Property for Sale]

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2019	At March 31, 2019	Change
Mitsui Fudosan Residential	¥638,531	¥637,722	¥809
Mitsui Fudosan	436,151	419,416	16,734
Mitsui Fudosan America Group	300,417	283,533	16,883
SPCs Total	219,675	220,793	(1,117)
Mitsui Fudosan UK Group	51,875	51,138	736
Other and Elimination	17,000	17,954	(953)
Consolidated Total	¥1,663,652	¥1,630,558	¥33,093

(¥ millions)					
(b) Accounts of Real Property for Sale					
Three Months Ended June 30	At Beginning of Period	New Investments*	Cost Recovery	Others	At End of Period
2019	¥1,630,558	¥107,860	¥(74,476)	¥(290)	¥1,663,652
2018	¥1,524,863	¥93,077	¥(104,971)	¥11,703	¥1,524,672

Note: Land acquisition-related expenditures by Mitsui Fudosan Residential Co., Ltd., totaled ¥26.9 billion for the three-month period under review.
* New investments include the increase in real property for sale at subsidiaries in which the Company invested during the period.

[Tangible and Intangible Assets]

The consolidated balance of tangible and intangible fixed assets stood at ¥3,559.4 billion as of June 30, 2019, up ¥59.0 billion compared with the end of the previous fiscal year. This increase largely reflects Mitsui Fudosan's new investments in such projects as Halekulani Okinawa and MFIP Haneda as well as 50 Hundson Yards by Mitsui Fudosan America Group.

Foreign currency exchange rates:
¥110.99:US\$1 as of June 30, 2019, ¥111.00:US\$1 as of March 31, 2019;
¥144.98:£1 as of June 30, 2019, ¥140.46:£1 as of March 31, 2019

	(¥ millions)		
(a) Breakdown by Company	At June 30, 2019	At March 31, 2019	Change
Mitsui Fudosan	¥2,687,996	¥2,665,997	¥21,998
Mitsui Fudosan America Group	368,502	355,736	12,765
SPCs Total	242,412	223,557	18,854
Mitsui Fudosan Residential	60,117	59,952	164
Mitsui Fudosan UK Group	60,046	58,515	1,530
Other and Elimination	140,415	136,722	3,693
Consolidated Total	¥3,559,489	¥3,500,482	¥59,007

Above figures include revaluation reserve for land.

(¥ millions)					
(b) Accounts of Tangible and Intangible Fixed Assets					
Three Months Ended June 30	At Beginning of Period	New Investments*	Depreciation	Others	At End of Period
2019	¥3,500,482	¥80,319	¥(21,218)	¥(93)	¥3,559,489
2018	¥3,318,928	¥115,495	¥(18,616)	¥(59,405)	¥3,356,401

* New investments include the increase in tangible and intangible fixed assets at subsidiaries in which the Company invested during the period.

CONSOLIDATED BALANCE SHEETS

(¥ millions)

LIABILITIES:	June 30, 2019	March 31, 2019	Change
I. Current Liabilities:	¥1,085,035	¥1,109,358	¥(24,323)
Accounts Payable—Trade	86,871	126,868	(39,996)
Short-Term Debt	296,342	259,917	36,424
Commercial Paper	197,000	114,000	83,000
Bond Redeemable Within One Year	127,500	79,200	48,300
Income Taxes Payable	10,057	27,624	(17,567)
Advances from Contracts in Progress	25,296	19,729	5,566
Allowance for Completed Project Indemnities	780	872	(92)
Allowance for Possible Guarantee Losses	5	7	(2)
Other	341,181	481,137	(139,956)
II. Long-Term Liabilities:	¥3,389,721	¥3,272,567	¥117,153
Corporate Bonds	532,480	592,992	(60,511)
Long-Term Debt	2,025,724	1,860,500	165,223
Deposits from Tenants	426,658	424,335	2,323
Allowance for Directors' and Corporate Auditors' Retirement Benefits	762	711	50
Net Defined Benefit Liability	43,807	43,503	304
Deferred Income Taxes	162,439	154,940	7,498
Deferred Tax Liabilities on Land Revaluation	151,545	151,545	-
Other	46,301	44,037	2,263
Total Liabilities	4,474,756	4,381,926	92,830
NET ASSETS:			
Common Stock	339,766	339,766	-
Capital Surplus	402,917	403,268	(351)
Retained Earnings	971,792	962,153	9,638
Treasury Stock	(37,086)	(21,088)	(15,998)
Reserve on Land Revaluation	330,308	330,537	(229)
Net Unrealized Holding Gains on Securities	350,980	334,611	16,368
Deferred Gains or Losses on Hedges	(3)	71	(75)
Foreign Currency Translation Adjustment	(13,607)	(16,333)	2,726
Remeasurements of Defined Benefit Plans	9,321	9,523	(201)
New Share Subscription Rights	1,325	1,285	39
Non-Controlling Interests	78,298	77,007	1,291
Total Net Assets	2,434,014	2,420,804	13,209
Total Liabilities and Net Assets	¥6,908,770	¥6,802,731	¥106,039

Note: Debt-Equity Ratio 1.35 times (1.24 times at March 31, 2019)

Interest-Bearing Debt:	3,179,048	2,906,610	272,437
Non-recourse Debt	452,927	433,147	19,779
Surplus lease deposits/guarantee deposits	284,953	283,764	1,188

[Interest-Bearing Debt]

The Mitsui Fudosan Group witnessed a cash outflow from operating activities of ¥41.9 billion and a cash outflow from investing activities of ¥181.5 billion on the back of such factors as new investments in tangible and intangible assets. The cash outflow attributable to cash dividends paid came to ¥24.4 billion. As a result, interest-bearing debt stood at ¥3,179 billion on a consolidated basis as of June 30, 2019, up ¥272.4 billion compared with the end of the previous fiscal year.

Breakdown by Company

(¥ millions)

	At June 30, 2019	At March 31, 2019	Change
Mitsui Fudosan	¥2,471,882	¥2,234,094	¥237,787
Mitsui Fudosan Residential	563,900	520,500	43,400
Mitsui Fudosan America Group	517,041	488,561	28,480
SPCs Total	380,755	365,455	15,300
Mitsui Fudosan Asia Group	74,788	73,007	1,781
Mitsui Fudosan UK Group	57,757	57,054	703
Loans to Subsidiaries	(970,046)	(933,372)	(36,673)
Other and Elimination	82,968	101,310	(18,341)
Consolidated Total	¥3,179,048	¥2,906,610	¥272,437
(Non-recourse Debt of Total)	452,927	433,147	19,779

CONSOLIDATED STATEMENTS OF INCOME

(¥ millions)

	Three Months Ended June 30	
	2019	2018
I. Revenue from Operations	¥427,171	¥442,352
II. Cost of Revenue from Operations	330,002	343,341
Gross Operating Profit	97,168	99,011
III. Selling, General and Administrative Expenses	46,282	43,243
Operating Income	50,885	55,768
IV. Non-Operating Income:	7,184	6,566
Interest Income	317	439
Dividend Income	3,406	2,992
Equity in Net Income of Affiliated Companies	2,944	675
Other Non-Operating Income	515	2,457
V. Non-Operating Expenses:	8,733	7,680
Interest Expenses	7,281	6,630
Other Non-Operating Expenses	1,451	1,050
Ordinary Income	49,337	54,653
Income before Income Taxes	49,337	54,653
Income Taxes	15,921	16,805
Profit	33,415	37,847
Profit (Loss) Attributable to Non-Controlling Interests	234	(235)
Profit Attributable to Owners of Parent	¥33,180	¥38,082

CONSOLIDATED STATEMENTS OF CASH FLOWS

(¥ millions)

	Three Months Ended June 30	
	2019	2018
I. Cash Flows From Operating Activities:		
Income before Income Taxes	¥49,337	¥54,653
Depreciation and Amortization	21,218	18,616
Interest and Dividend Income Receivable	(3,724)	(3,432)
Interest Expense	7,281	6,630
(Gain) Loss on Equity-Method Investments	(2,944)	(675)
(Increase) Decrease in Accounts Receivable	9,645	9,362
Increase (Decrease) in Accounts Payable	(19,729)	(17,723)
(Increase) Decrease in Real Property for Sale	(54,069)	(28,017)
Other	(23,713)	(21,870)
Subtotal	(16,698)	17,543
Cash Receipts of Interest and Dividend Income	6,386	3,967
Cash Payments of Interest Expense	(5,099)	(4,701)
Income Taxes Paid	(33,186)	(47,413)
Net Cash Provided by (Used in) Operating Activities	(48,597)	(30,604)
II. Cash Flows From Investing Activities:		
Purchase of Tangible and Intangible Fixed Assets	(182,676)	(103,009)
Proceeds from Sale of Tangible and Intangible Fixed Assets	1,140	87
Purchase of Investment Securities	(6,448)	(4,819)
Proceeds from Sale of Investment Securities	35	616
Payment of Lease Deposits	(1,818)	(3,392)
Proceeds from Collection of Lease Deposits	1,619	3,763
Repayment of Deposits from Tenants	(10,120)	(6,500)
Proceeds from Deposits from Tenants	12,295	23,055
Payment of Loan Receivable	(6,189)	(6,366)
Collection of Loan Receivable	3,917	2,940
Payments into Time Deposits	(2,498)	(18,215)
Proceeds from withdrawal of time deposits	1,341	-
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidator	-	(2,147)
Proceeds from Subsidy Income	904	-
Other	(3,934)	(4,853)
Net Cash Provided by (Used in) Investing Activities	¥(192,432)	¥(118,841)

(¥ millions)

	Three Months Ended June 30	
	2019	2018
III. Cash Flows From Financing Activities:		
Proceeds from Short-Term Debt	¥620,635	¥870,506
Repayment of Short-Term Debt	(432,105)	(713,862)
Proceeds from Long-Term Debt	193,089	49,094
Repayment of Long-Term Debt	(96,744)	(26,629)
Proceeds from Issuance of Bonds	30,500	10,873
Redemption of Bonds	(39,200)	(14,800)
Cash Dividends Paid	(23,286)	(21,448)
Proceeds from Share Issuance to Non-Controlling Shareholders	3,786	12,290
Dividends Paid to Non-Controlling Shareholders	(1,154)	(1,121)
Repayment of Finance Lease Obligations	(1,075)	(969)
(Increase) Decrease in Treasury Stocks	(16,002)	(2)
Payments from Changes in Ownership Interests in Subsidiaries that do not Result in Change in Scope of Consolidation	(2,650)	-
Net Cash Provided by (Used in) Financing Activities	235,793	163,930
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,098)	(806)
V. Net Increase (Decrease) in Cash and Cash Equivalents	(6,334)	13,677
VI. Cash and Cash Equivalents at Beginning of the Period	157,682	100,708
VII. Cash and Cash Equivalents at End of the Period	¥151,348	¥114,385

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

For the Year Ending March 31, 2019

(¥ millions)

	Year to March 31		Change
	2019 (forecast)	2018 (actual)	
Revenue from Operations	¥2,000,000	¥1,861,195	¥138,805
Leasing	630,000	603,284	26,716
Property Sales	600,000	530,766	69,234
Management	410,000	404,346	5,654
Other	360,000	322,797	37,203
Operating Income	267,000	262,147	4,853
Leasing	144,000	141,945	2,055
Property Sales	111,000	98,037	12,963
Management	52,000	55,180	(3,180)
Other	4,000	9,157	(5,157)
Elimination or Corporate	(44,000)	(42,172)	(1,828)
Non-Operating Income/Expenses	(21,000)	(8,041)	(12,959)
Interest Income/Expense, in Net	(28,000)	(26,933)	(1,067)
Other, in Net	7,000	18,891	(11,891)
Ordinary Income	246,000	254,106	(8,106)
Extraordinary Gains/Losses	-	(12,063)	12,063
Income before Income Taxes	246,000	242,043	3,957
Income Taxes	(74,000)	(71,906)	(2,094)
Profit	172,000	170,136	1,864
Profit (Loss) Attributable to Non-controlling Interests	(2,000)	(1,475)	(525)
Profit Attributable to Owners of Parent	¥170,000	¥168,661	¥1,339

● Leasing: Overall revenue from operations and operating income are forecast to climb ¥26.7 billion and ¥2.0 billion, respectively. This is mainly due to the full-term contributions from the Nihonbashi Takashimaya Mitsui Building and msb Tamachi (Tamachi Station Tower S), which were completed during the fiscal year under review.

Major properties scheduled for completion during the fiscal year ending March 31, 2020: OH-1 plan (tentative name); Toyosu 2-chome Ekimae Redevelopment 2-1 District Tower A project (tentative name), Bunkyo Garden Gate Tower; Lalaport NUMAZU

● Property Sales: Forecast results in the "Property Sales" segment take into account a variety of factors. In addition to an increase in the number of reported units in the fiscal year ending March 31, 2020 compared with the fiscal year under review in the "Property Sales to Individuals (Domestic)" category, both revenue from operations and operating income are estimated to rise in the "Property Sales to Investors and Individuals (Overseas)" category. As a result, revenue from operations is expected to grow ¥69.2 billion and operating income is anticipated to climb ¥12.9 billion in the "Property Sales" segment as a whole.

● Management: Revenue from operations in the "Management" segment as a whole is projected to improve ¥5.6 billion. Operating income, on the other hand, is forecast to decline ¥3.1 billion. While trends remained firm in the "Mitsui Rehouse" (brokerage business for individuals) category, this decrease in operating income largely reflected the drop in Mitsui Fudosan Residential Co., Ltd. consignment sales.

● Other: In the "Other" segment as a whole, revenue from operations is anticipated to increase ¥37.2 billion and operating income to decrease ¥5.1 billion. This reflects firm trends in the existing hotels and resorts business and the impact of opening expenses in connection with the launch of new hotels and resorts.

Major properties where operations are scheduled to commence during the fiscal year ending March 31, 2020: Mitsui Garden Hotel Fukuoka Gion; Mitsui Garden Hotel Kyoto Station; Mitsui Garden Hotel Ginza 5-chome; Mitsui Garden Hotel Jinguagaen Tokyo Premier; Halekulani Okinawa

● Taking each of the aforementioned factors into consideration, revenue from operations is forecast to amount to ¥2,000 billion, an increase of ¥138.8 billion compared with the fiscal year under review. From a profit perspective, operating income is expected to reach ¥267.0 billion, up ¥4.8 billion.

● Owing to corrections to non-operating income and expenses posted during the fiscal year under review, ordinary income in the fiscal year ending March 31, 2020 is expected to come in at ¥246.0 billion, down ¥8.1 billion, while profit attributable to owners of parent is estimated to total ¥170.0 billion, an increase of ¥1.3 billion.

● Mitsui Fudosan is expecting to pay a cash dividend per share for the fiscal year ending March 31, 2020 of ¥44.00 per share comprising an interim and period-end dividend of ¥22.00 per share.

CONSOLIDATED STATEMENTS OF EARNING FORECASTS

【Property Sales】

Revenue, Operating Margin

(¥ millions)

	Year to March 2020 (forecast)	Year Ended March 2019 (actual)	YoY Change
Property Sales to Individuals			
Revenue from Operations:	¥300,000	¥285,432	¥14,568
Condominiums	260,000	252,230	7,770
Detached Housing	40,000	33,202	6,798
Operating Income	29,000	26,604	2,396
Operating Margin (%)	9.7	9.3	0.3pt
Property Sales to Investors			
Revenue from Operations:	300,000	245,333	54,667
Operating Income	82,000	71,433	10,567
Total			
Revenue from Operations:	600,000	530,766	69,234
Operating Income	¥111,000	¥98,037	¥12,963

Number of Domestic Housing Units

(Units)

	Year to March 2020 (forecast)	Year Ended March 2019 (actual)	YoY Change
Condominiums	3,400	3,283	117
Detached Housing	580	475	105
Total	3,980	3,758	222

【Tangible and Intangible Assets】

(¥ millions)

	Year to March 2020 (forecast)	Year Ended March 2019 (actual)	YoY Change
New Investments	¥390,000	¥390,514	¥(514)
Depreciation	85,000	79,034	5,966

【Real Property for Sale】

(¥ millions)

	Year to March 2020 (forecast)	Year Ended March 2019 (actual)	YoY Change
New Investments	¥610,000	¥423,897	¥186,103
Recovery of Costs	440,000	382,620	57,380

【Interest-Bearing Debt】

(¥ millions)

	Year to March 2020 (forecast)	Year Ended March 2019 (actual)	YoY Change
Interest-Bearing Debt	¥3,300,000	¥2,906,610	¥393,390

CONTINGENT LIABILITIES

In response to concerns regarding the faulty installation of foundation piles at a condominium complex located in Yokohama and sold by Mitsui Fudosan Residential Co., Ltd., a consolidated subsidiary of Mitsui Fudosan, the company received a report confirming that a portion of the piling used in construction failed to reach the necessary depth and required bearing layer from Sumitomo Mitsui Construction Co., Ltd., the building contractor, on April 11, 2016. Furthermore, Mitsui Fudosan Residential received a notice from the City of Yokohama that the subject condominium complex violated the Building Standards Law and a request that the company take all responsible measures to address and correct the situation in line with discussions with condominium owners on August 26, 2016.

In outlining its stance toward corrective measures including the reconstruction of the condominium complex impacted by faulty installation as well as compensation, Mitsui Fudosan Residential executed an agreement with the condominium association on May 8, 2016, confirming that the company would shoulder all expenses. Later, on September 19, 2016, the condominium association resolved that it would seek the complete reconstruction of the entire condominium complex in accordance with the Act on Building Unit Ownership, etc.

According to the report issued by Sumitomo Mitsui Construction, which noted that construction records had been diverted and modified in connection with the installation of foundation piles and that certain foundation piles failed to reach the necessary depth and required bearing layer, the condominium complex was deemed to be in violation of the Building Standards Law. As a result, and in accordance with the aforementioned agreement, Mitsui Fudosan Residential has decided to seek damages including reconstruction costs as well as expenses relating to the temporary housing of residents during the period of construction under such remedies as tort liability and warranties against defects from Sumitomo Mitsui Construction, as well as Hitachi High-Technologies Corporation and Asahi Kasei Construction Materials Corporation, who installed the foundation piles. Based on this decision to seek damages, Mitsui Fudosan Residential filed a lawsuit for total compensation amounting to around ¥50.9 billion against the three companies identified above on November 28, 2017. Mitsui Fudosan has posted all related temporary payments undertaken by Mitsui Fudosan Residential up to the end of the first quarter of the fiscal year under review as current assets on its consolidated quarterly balance sheet.

Depending on the flow of future events, any incidence of expenditure may impact the consolidated results of the Mitsui Fudosan Group. At this stage, however, the Company is unable to provide a reasonable estimate of any such impact.

[REFERENCE] CHANGE OF SEGMENT CLASSIFICATION

Effective April 2019, Mitsui Fudosan has decided to change the classification of its business segments. Brief details are presented as follows.

- Historically, the Company's operations have been classified into the five "Leasing," "Property Sales," "Management," "Mitsui Home," and "Other" business segments. These five business segments have now been classified into the four "Leasing," "Property Sales," "Management," and "Other" business segments.
 - Under this revised classification, the "New Construction," "Reform/Renewal," and "Material Sales" businesses included in the "Mitsui Home" business segment have been integrated into the "Other" business segment.
 - Under this revised classification the "Lease Management" business included in the "Mitsui Home" business segment has been integrated into the "Management" business segment.
- * A diagram outlining changes to the Company's business segments is attached to the end of this documents for reference.

【Year ended March 31, 2019 Comparison of Old and New Segments】

Old Segment

Leasing	Office Buildings
	Retail Facilities
	Other

Property Sales	Condominiums
	Detached Housing
	Property Sales to Investors and Individuals (Overseas), etc.

Management	Property Management
	Brokerage, Asset Management, etc.

Mitsui Home	New Construction
	Reform/Renewal
	Lease Management
	Housing-Related Material Sales

Other	Facility Operations
	Other

Elimination or Corporate

Consolidated

New Segment

Office Buildings	Leasing
Retail Facilities	
Other	

Condominiums	Property Sales
Detached Housing	
Property Sales to Investors and Individuals (Overseas), etc.	

Property Management	Management
Brokerage, Asset Management, etc.	

Facility Operation	Other
New Construction	
Other	

Elimination or Corporate

Consolidated
